

Understanding Property Assessments and Taxation



Meet the Assessing Department Staff

- ♦ Susan Golden, Deputy Assessor
- ♦ Stephanie Hines, Administrative Assistant
- ♦ Michael Hathaway, Appraiser
- ◆ Dixie Brown, Appraiser
- ♦ Sally Jeglinski, Assessing Tech
- ♦ Wendy L'Heureux, Administrative Tech
- ♦ Kathryn Temchack, Director



WHAT IS THE ASSESSING DEPARTMENT REQUIRED TO DO?

- ◆ Responsible for taking the inventory and appraisal of property for taxation
- ♦ Valuation of property
- ◆Issuing warrants for the collection of taxes
- ◆ Review assessment appeals



WHAT IS THE BOARD OF ASSESSORS AND WHAT DO THEY DO?

- ◆ The Board of Assessors is appointed by the city manager for an unlimited term.
- ♦ The Board consists of 3 members
- ♦ The Board of Assessors is responsible for signing the warrant authorizing collection of taxes
- ◆ Grants or denies appeals



WHO ARE THE BOARD OF ASSESSORS?

George Hildum, Chairperson
Guy Petell
Tom Sargent

All residents of Concord

The Board of Assessors meets on an as needed basis



HOW SHOULD PROPERTY BE APPRAISED?

◆ 75:1 THE SELECTMEN SHALL

APPRAISE ...ALL TAXABLE

PROPERTY AT ITS

MARKET VALUE

A few statutory exceptions...



RSA 75:1 EXCEPTIONS:

- Property in Current Use (79-A:5)
- Residences on commercial/industrial zoned land (75:11)
- Residential rental property developed subject to a covenant under the low income housing tax credit program (75:1-a)
- Land with discretionary easements (79-C:7)
- Open space land with conservation restrictions (79-B:3)
- Earth and excavations (72-B)
- Land under qualifying farm structures (79-F)



HOW OFTEN SHOULD ASSESSMEMNTS BE UPDATED?

♦ RSA 75:8 Revised Inventory

ANNUALLY, In Accordance with the state assessing standards, the assessors shall adjust assessments to reflect changes so that all assessments are reasonably proportional within that municipality...



Reasons for Adjusting Values

- ◆ Building permits/demolition permits
- ◆ Zoning changes
- ♦ Sub-divisions, boundary line adjustments, lot mergers
- ♦ Increases or decreases to the real estate market
- ♦ Other changes that would affect value



Determining Market Value

The key questions are...

- **♦** How often?
- **♦** As of what date?
- **♦** How are values adjusted?



HOW OFTEN?

- ♦ RSA 75:8.....Annually
- ◆ RSA 75:8-b

Requires municipalities with over 10,000 residents to hold 2 public hearings and obtain governing body approval for annual market value appraisals



AS OF WHAT DATE?

♦ RSA 74:1 states every April 1st

- **♦** April 1st date is a snapshot in time.
- **◆** Maintains consistency and fairness
- ◆ Considers all factors affecting value for each property as of April 1 each year



HOW IS IT DONE?

- **◆ Inspection of properties that have sold**
- ♦ Research and analysis of all qualified sales
- ♦ Request and analyze rents, expenses, and interest rates of commercial/industrial properties
- **♦** The analysis results are applied uniformly to <u>every</u> parcel within the community



HOW DO WE FIND MARKET INCOME AND EXPENSES?

- ◆ Mail Income and Expense Forms
- ♦ Requesting Real Estate Income and Expenses Not Business Income and Expenses
- ◆ The submitted forms are confidential and not subject to public review



Market Value and Assessments

How Sales in the Market Place Affect Assessed Values







WHAT IS MARKET VALUE?

Market value is what <u>a willing</u> buyer will pay to <u>a willing seller</u> for a property, both buyer and seller acting knowledgeably, prudently, and neither being under any obligation to buy or sell with normal exposure time.



WHERE DO WE GET INFORMATION ABOUT SALES?

- **♦ Deeds**
- **♦** Questionnaire responses
- **♦** Fee appraisals
- **♦ State of NH PA-34 forms**
- **♦** Property inspections
- **◆** Conversations with brokers/realators



Definition of an Unqualified Sale

An <u>unqualified sale</u> is a sale involving circumstances that cause the selling price of a property to be either <u>abnormally high or low</u>.



Examples of Unqualified Sales

- **♦** Family sale
- **♦** Estate sale
- **♦** Multi-parcel sale
- **◆** Court settlement
- **♦** Government sale
- **♦** Bankruptcy

- Includes personal Property
- **♦** Foreclosure
- **♦** Foreclosure resale
- **♦ Intra-Corporate** transfer
- **♦** Abnormal exposure time



What May Cause Property Values To Change

- Physical changes or corrections to buildings/ improvements
- Changes or corrections to the land

- **♦** Changes in zoning
- **♦** Land use approvals
- **♦ Subdivisions**
- **♦** Changes in market
- Neighborhood changes



Approaches to Market Value

- **♦** Sales Approach
- **♦ Cost Approach**
- **♦ Income Approach**

Concord uses a market-driven cost approach for residential properties and the cost/income approaches for commercial/industrial properties.



WHAT ARE THE ACCEPTABLE ASSESSMENT RANGES?

Measure both assessment level and assessment uniformity



LEVEL OF ASSESSMENT

- ♦ Overall ratio of assessed values to market values
- ◆Example: Assessment \$276,900 divided by selling price of \$289,400= a ratio of 95.68%
 - ASB ratio standard = .90 1.10 %



UNIFORMITY REQUIREMENTS

- ◆ Coefficient of dispersion (COD) measures the appraisal uniformity compared to the overall median ratio of the community
- ◆Permits direct comparisons between property groups



ASB REQUIREMENT

- ◆ Each major strata should be appraised within 5 percent of the overall level of appraisal
- ◆ If the overall level is 95% each property class or type (residential, commercial, condos, colonials, capes, south end, west Concord, east Concord, etc) should be appraised between .9025% and .9975%



WHEN C.O.D IS TOO HIGH...

- ♦ EXAMPLE:
- ♦ MEDIAN = 1.00 C.O.D = 25 TAX RATE = \$27.52
- ◆ Selling Price = <u>100,000</u> 100,000 100,000
- ♦ Assessment = 75,000 100,000 125,000
- ♦ Assessment divided by \$1,000 X \$27.52=
- ◆ Taxes Due: \$2,064.00 \$2,752.00 \$3,440.00
- ◆ Difference in Assessments = \$50,000
- Difference in Taxes = \$1,376.00



A low C.O.D is a good thing!

- ◆ Example:
- ♦ MEDIAN= 1.00 C.O.D = 10 TAX RATE = \$27.52
- ◆ Selling Price = <u>200,000 200,000 200,000</u>
- ♦ Assessment = 195,000 200,000 205,000
- ♦ Assessment divided by \$1,000 X \$27.52
- ◆ Taxes Due \$5,366.40 \$5504.00 \$5,641.60

- ◆ Difference in Assessment = \$10,000
- Difference in Taxes = \$275.20

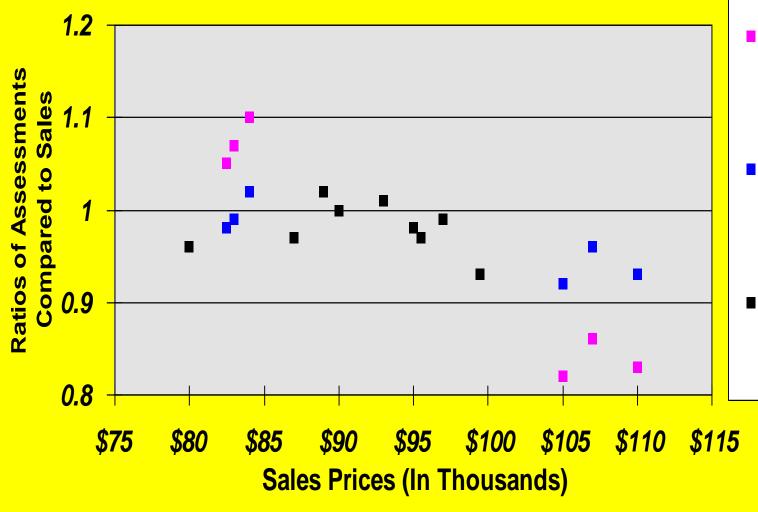
Ratios from Comparison of Assessments to Sales



Ratios from Comparison of Assessments to Sales



Ratios from Comparison of Assessments to Sales



- AssessmentsThat NeedAdjustment
- AssessmentsAfterAdjustment
- AssessmentsThat RequireNo Adjustment



Property Tax Year

- RSA 76:2
- The property tax year is April 1 to March 31 and all property taxes are assessed on the inventory taken in April of each year.
- RSA 74:1
- The statute requires assessment of real estate taxes as of April 1 of each year, and the tax year BEGINS on that date.



Needless to say.....

- ♦ For the year 2012 the tax year is April 1, 2012 through March 31, 2013.
- ♦ Assessments mailed this fall reflected market value as of April 1, 2012.



WHAT IS THE TAX RATE?

- ♦ The tax rate has four components:
- ♦ 1. City funds fire, police, general services, administrative, recreation
- ♦ 2. County-funds county jail, nursing home, registry of deeds, sheriff
- ◆ 3. Local education-funds schools
- ♦ 4. State education-funds schools



Tell me about the tax bill.

- Concord mails tax bills twice a year. Each mailing has two payment coupons. The first mailing is in May with the coupons for the July 1st and October 1st payments.
- ◆ The second mailing is in November with the coupons for the January 2nd and March 31st payments.



WHY DO MY TAX BILLS ALWAYS CHANGE?

- The assessments are not final or completed until the fall each year, the first two estimated quarterly tax bills for 2012 were calculated based on the previous 2011 assessment.
- The final two tax bills have to play "catch-up" to correct the first two estimated payments. The balance due is split between the January 2 and March 31 payments.
- ◆ The bill sent in November represents the taxes for the year and the final assessment.



WHAT IS THE CURRENT TAX RATE?

◆ Concord		◆ Penacook	
◆ 1. City	\$8.67	◆ 1. City	\$8.67
♦ 2. County	2.76	◆ 2. County	2.76
♦ 3. School	10.50	♦ 3. School	13.62
♦ 4. State Educ.	2.44	♦ 4. State Educ.	2.47
Total Tax Rate	\$24.37	Total Tax Rate	\$27.52



Continued....

- ◆ The new tax rate is determined in late fall.
- ◆ The total tax liability for 2012 is calculated by multiplying the new 2012 assessment value, determined from the 2012 revaluation by the new 2012 tax rate.
- ◆ The January and March bills are calculated by subtracting the amounts billed in July and October from the total tax due and then dividing by 2.



Example January/March 2013 Bills:

♦ July and October payments were \$5,535.00 each

♦ New Assessed value

\$1,240,000.00

♦ New Tax Rate

X .02437

◆ Total Tax Bill

\$ 30,218.80

◆ Subtract \$5,535x2

- 11,070.00

◆ Balance to be Paid

\$ 19,148.80/2

♦ January/March Bills Each \$ 9

9,574.40



WHAT WILL THE 2013 JULY AND OCTOBER TAX PAYMENTS BE?

- ◆ The July and October 2013 tax payments will be calculated multiplying the 2012 tax rate by the 2012 final assessed value and dividing the amount by 4.
- ◆ \$1,240,000 X .02437= \$30,218.80
- ♦ \$30,218.80 divided by 4=\$7,554.70
- ◆ The July and October payments will each be \$7,554.70



Tax Exemptions, Tax Deferrals Tax Credits & Tax Abatements:

Property Tax Relief in New Hampshire.

You don't need to own a watering trough or plant a shade tree to get a break on paying your property taxes!



Some old time tax relief!

RSA 76:18

"The selectmen of every town shall abate a sum not exceeding \$3 from the tax of any inhabitant who shall construct and during the year keep in repair, a watering trough..."

RSA 76:19

"The selectmen, upon application of any person who shall plant and protect shade trees by any highway adjoining his land, may make an abatement of taxes as they shall deem just...



Relief for Property Tax Woes

- ♦ There are a number of state laws that were enacted to reduce or postpone payment of your property taxes.
- Most of the tax relief programs are targeted to certain people (for example: elderly, blind, low income).
- You can apply for more than one program!
- ♦ There are different types of tax relief programs. Each program has different rules and works in a different way.



Filing Deadlines for Exemptions and Credits!!

- The deadline for filing for tax credits or exemptions for the 2013 tax year is April 15, 2013!!
- ♦ Includes religious, educational, and charitable exemptions.
- ♦ Charitable exemptions must also file financial documents before June 1st



Exemptions

Exemptions reduce the taxable value of your home. If your home is worth less, your tax bill is reduced.

Example (tax rate \$27.52 per \$1,000)

Assessment before exemption \$200,000

Tax before exemption \$5,504

Assessment with exemption \$127,182

Tax with exemption \$3,500



EXEMEPTION FOR THE BLIND, RSA 72:37

- Mandatory Exemption
- ◆ Application for 2013 taxes: **April 15, 2013** Legally blind as determined by Blind Services Program, NH Vocational Rehabilitation
- ♦ Concord adopted a \$120,234 exemption



ELDERLY TAX EXEMPTION RSA 72:39-a

- Mandatory exemption
- ◆ Deadline for 2013 taxes: **April 15, 2013**
- ♦ Owned in whole or part by individual over age 65 (or if owned by spouse, married for 5 years)
- ◆ Resident of state for prior 3 years (as of April 1)
- ◆ Income limits set at a *minimum* of \$13,400 (single) \$20,400 (married)
- ◆ Asset limits set at a *minimum* of \$35,000 (not including home)
- ♦ Minimum relief is \$5,000 reduction in assessed value



CONCORD'S ELDERLY TAX EXMPTION

- ♦ Net income of less than \$45,000 if married, \$32,800 if single
- ♦ Net assets (excluding home) less than \$90,000
- ◆ Tax Relief depends on age
- ◆ Aged 65-74: \$72,818 reduction in assessed value
- ♦ Aged 75-79: \$118,420 reduction in assessed value
- ◆ Aged 80 and older: \$202,124 reduction in assessed value



Tax Credits

Credits directly reduce the amount of tax you must pay. They don't change the assessed value of your home.

Example (tax rate \$24.37 per \$1,000):

Assessment of home \$200,000

Tax \$4,874

Minus Credit (\$150) \$150

Tax after credit \$4,724



VETERAN'S TAX CREDIT, RSA 72:28

- Mandatory
- ◆ Deadline for 2013 taxes: **April 15, 2013**
- ♦ NH resident who served 90 days in qualifying war/conflict & honorably discharged <u>OR</u>
- ♦ NH resident who ended service due to service connected disability <u>OR</u>
- ♦ Surviving spouse of same
- ◆ Some time frames require receipt of certain medals
- ◆ Eligible conflicts are listed in RSA 72:28
- ♦ In Concord credit is \$150



VETERAN TAX CREDITS SERVICE CONNECTED DISABILITY RSA 72:35

- Mandatory Credit
- ◆ Deadline for 2013 taxes: **April 15, 2013**
- Honorably Discharged
- ♦ Total and permanent service connected disability
- ♦ Surviving spouse will continue to get credit
- ♦ In Concord credit is \$2,000



VETERAN TAX CREDITS-SURVIVING SPOUSE OF VETERAN KIILED IN SERVICE, RSA 72:29-a

- ♦ The surviving spouse of any veteran who dies while on active duty is eligible for a credit
- ◆ Credit can be on residential or nonresidential property in spouse's community
- ◆ In Concord credit is \$2,000



DEFERRALS

- ♦ **Deferrals**: allow you to postpone paying your taxes.
- Deferrals don't reduce you home's assessed value.
- ◆ Deferrals don't give you a credit or rebate or otherwise reduce the amount of tax you pay.
- ♦ Deferrals only permit you to pay your taxes at some later date.



TAX DEFERRAL FOR EDLERY AND DISABLED, RSA 72:38-a

- ◆ Mandatory program
- ◆ Deadline for 2012 taxes: March 1, 2013
- ◆ Disabled individuals who have owned home for at least 1 year OR
- ♦ Individuals age 65 and older and who have owned home for 5 years
- ♦ Must live in home
- ♦ Prove that paying tax causes "undue hardship"



TAX DEFERRAL FOR EDLERY AND DISABLED, continued

- ◆ If granted can defer all or part of taxes up to 85% of property's "equity value." Equity value is the assessed value minus all liens, mortgages ...etc.
- ♦ You will be charged 5% annual interest.
- ◆ The deferred taxes and all interest must be paid when your home is sold or upon your death.



The Appeal Process





The Appeal Process

- ◆ The appeal process is your right to demonstrate that your assessment is unfair or incorrect
- ◆ A higher tax bill is not grounds for an appeal



What are Grounds for an Appeal?

- **♦ Incorrect physical data**
- **♦** Assessment does not reflect market value
- **♦** Assessment exceeds the general level of assessment in the city



WHAT SHOULD I INCLUDE WITH MY APPEAL

- ◆ Include in application any information to support your claim that your home is over valued— compare your home to other similar homes. BE SPECIFIC!
- ◆ Supply copies of appraisals
- ◆ Copies of income and expenses for past 3 years
- ◆ Copies of leases
- ◆ Copies of rental advertising



The Appeal Process Procedures and Deadlines

- **♦** The appeal must be in writing
- ♦ Applications for appeal are available after the January and March tax bills are mailed
- ♦ Completed applications must be returned by no later than <u>March 1st</u>
- **♦** If there is no decision on your appeal by July 1, you should consider it a denial. If you wish to continue your appeal to a higher level, you must file to the higher level on or before September 1st.



Chain of Appeal

LOCAL APPEAL TO THE BOA

By March 1, following notice of tax

APPEAL TO THE BOARD OF TAX AND LAND APPEALS

Between July 1, and on or before September 1, following notice of tax

APPEAL TO THE SUPERIOR COURT

Between July 1, and on or before September 1, following the notice of tax



How to Contact Us

- ◆ At 225-8550 Monday through Friday between 8:00 am and 4:30 pm
- ♦ In the Concord City Hall located at 41 Green Street; enter the front doors and we are the first office on the right
- ◆ At <u>www.concordnh.gov</u>; click on Departments and then on Assessing



Communication is the Key...



- Review your assessment records regularly
- Submit income and expense forms when requested
- Have your property inspected
- Ask questions
- Pay your taxes during the appeal process.
- Working together we can be confident of fairness and equity for all property owners!